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C O N F I D E N T I A L SECTION 01 OF 02 GUATEMALA 000057

SIPDIS

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TAGS: [PGOV](#) [PREL](#) [PINR](#) [ETRD](#) [MOPS](#) [SNAR](#) [GT](#)

SUBJECT: PRESIDENTIAL CANDIDATE BERGER SUPPORTS CAFTA AND A
REDUCTION OF THE MILITARY

Classified By: A/DCM David Lindwall for reason 1.5 (d).

11. (C) Summary: In a tour d'horizon with the Ambassador on January 7, PAN Presidential candidate Oscar Berger said that the PAN believes it will win the 2003 national elections, and that their priorities as a government would be completing negotiation of a free trade agreement with us, "rightsizing" the military and implementing the 1996 Peace Accords (without calling it that). The Ambassador told Berger that addressing Guatemala's growing problem of violent common crime and the influence of the criminal mafias would be critical for the success of the next government, whoever is elected. End summary.

12. (C) The Ambassador and A/DCM had breakfast with center-right Partido Accion Nacional (PAN) presidential candidate Oscar Berger, and his campaign manager Eduardo Gonzalez on January 7. Most polls show Berger significantly ahead of all other potential candidates in public preference; Guatemalan polls are notoriously inaccurate, however, and the elections remain almost ten months away. Gonzalez noted, in that connection, that current polling is like asking a person who isn't hungry what he wants for dinner, implying that the PAN realizes current numbers are soft. Berger enjoys considerable financial support from the private sector and growing popular support from those opposed to the ruling Frente Republicano Guatemalteco (FRG).

THE UPCOMING ELECTIONS

13. (C) Berger expressed confidence that the PAN will win the 2003 national elections, noting that the polls show him considerably ahead of other potential contenders. He believes FRG Secretary General and former strongman Efraim Rios Montt will not be a candidate, choosing instead to protect his legal immunity by running again for Congress where he is certain to win a seat. Berger and Gonzalez both expressed concern that the ruling FRG would use government resources to leverage public support in the elections, and argued that OAS election observation needs to begin long before election day (Note: we understand the local OAS office is already in talks with the Supreme Electoral Tribunal on the possibility of an early OAS observation role in the elections. end note). Berger believes the FRG will try to use financial payments to the former civil patrol members (ex-PACs) to buy their votes, and will manipulate the ongoing census to increase the FRG's representation in the legislature.

14. (C) In response to the Ambassador's question regarding public divisions in the PAN, Berger remarked that he had decided, against the advice of some of his collaborators, to make concessions to party Secretary General Leonel Lopez in order to heal the wounds still dividing the party from the recent primary election. He implied that he is prepared to offer Lopez much of the patronage he sought. It was apparent from Gonzalez's reaction to this statement that the decision to make concessions to Lopez continues to divide Berger's team. Berger also commented that he is meeting with small political parties from the full range of the political spectrum seeking to build a broad base of support. He noted that he has already had positive responses from emerging political leaders Otto Perez Molina and Jorge Briz.

15. (C) Berger believes that his election would ensure that all the countries of Central America have forward-looking pragmatic leaders, commenting that, following the elections of Maduro and Bolas, the Portillo administration is last of a breed of populist authoritarians that used to rule the isthmus.

CAFTA

16. (C) The Ambassador told Berger that we believe a free trade agreement between Central America and the United States will revolutionize the countries of the isthmus, and will offer unprecedented opportunities for economic growth and poverty reduction. Berger agreed, and said his presidency would fully support expedited negotiation of CAFTA, and expressed regret that the Portillo government has not invested more effort in the regional negotiation. Berger, who travels frequently to El Salvador and maintains a strong relationship with President Flores, opined that El Salvador is significantly ahead of Guatemala in preparations for

CAFTA, and argued that Guatemala had suffered from "a poor negotiating team" and lack of interest on the part of Portillo. He promised that a PAN government would make CAFTA one of its highest priorities.

THE FUTURE OF THE ARMED FORCES AND FIGHTING CRIME

17. (C) Prompted by the Ambassador, Berger mused about the future of the military in Guatemala, arguing that they currently have no role which justified their consumption of such a considerable part of the government's budget. He said his own inclination is to eliminate the military altogether or turn it into a national guard "like in Costa Rica," but his advisors disagree with him. He said that if the military can not be abolished, it should be given a crime fighting role "as in Honduras." He said Portillo has come up with a plan to put 15,000 soldiers in a modified uniform on the streets to control crime, and Berger thinks that is a good idea. The Ambassador noted that using the military in a police support role would violate the Peace Accords, and asked if that job could not better be done by the police. Berger took the point, but said that he believed military discipline was necessary to confront the overwhelming problem of violent crime.

18. (C) The Ambassador asked Berger how he envisioned combating the organized crime mafias which currently have so much influence with the government, noting that the success of the next government will depend to a large extent on bringing violent crime and organized crime under control. Berger acknowledged that controlling the influence of organized crime is not going to be easy. He said that when he travels for campaign rallies to Peten, Izabal and Zacapa (the heartland of narcotrafficking) he has to be very careful about who offers him security and who wants to be photographed with him, as he does not know to distinguish between local supporters and local druglords. He said his own local campaign organizers are totally intimidated by the criminal mafias and often are scared to shield him from them when they want to participate in his rallies. Berger said that his campaign would set up an intelligence section which would vet all names for public positions, so that his government would not come to power with debts or promises to give jobs to narco-traffickers.

IMPLEMENTING THE PEACE ACCORDS (BY ANOTHER NAME)

19. (C) Berger said that the party is working diligently on drawing up a plan of government, and that the basis for the PAN campaign platform would be the "essence" of the 1996 Peace Accords. Berger commented that there was no national consensus to back the accords, generating resistance to plans which bear the "Peace Accord" label. He said that the PAN platform would parallel the Peace Accords closely, but that it would not make explicit reference to the Accords.

REGIONAL INTEGRATION

10. (C) Berger disparaged the Central American Parliament (PARLACEN) for not being anything more than a hide out for third rate politicians and crooks. He said that it was the most worthless of the more than 60 Central American integration organizations, and it absorbed more money than all the other institutions put together. He said that governments found it to be a convenient way of providing patronage, however, and he does not see any initiative to abolish it.

COMMENT

11. (C) Berger was very much at ease, and discussed his goals for addressing national issues with greater depth and self-confidence than in the earlier stages of his campaign. He wanted to project himself as someone who shares many of our same values, and someone we could work with to transform Guatemala through free trade and greater cooperation against transnational crime. Despite early poll results favorable to Berger, the outcome of the election is far from predictable. That said, disaffection with the current FRG government has led many, at this early stage of the campaign, to see Berger as the most viable alternative.

Hamilton